



U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT

Thai Bilateral Graduation Strategy

Office of Program and Strategic Planning
East Asia Regional Support Mission, Bangkok

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Executive Summary

The proposed Thai graduation strategy is uncomplicated. The Mission will close out all bilateral projects by the end of FY95 according to their existing PACDs, except for the Partnership Project and the HG. The Partnership will have its PACD shortened to 12/31/96 while the HG's existing 9/30/98 PACD will be retained. Oversight of both the Partnership Project and the HG will be transferred to the RSM/EA in FY96 (although ultimate responsibility for the HG will remain with the RHUDO). It is proposed that fully-funded, centrally-financed activities with PACDs prior to FY96 be completed as scheduled. It is further proposed that centrally funded activities beyond FY95 be focused on RSM/EA priorities such as HIV/AIDS, the environment and technological cooperation. It is suggested that other activities, considered to be global priorities, be reviewed and coordinated with the RSM/EA. Staffing will be configured to meet ongoing RSM/EA requirements by the end of FY95 after consultation with USAID/W.

The Thai Context

This paper outlines Regional Support Mission/East Asia (RSM/EA) plans to graduate the Thai bilateral program. The graduation strategy proposed below differs significantly from a typical mission close-out plan because preparations to graduate the Thai bilateral program were already well underway prior to the recent close-out announcement in Washington. In addition, the staff of RSM/EA serve both regional and bilateral needs.¹ Thus, the Mission's task is one *finishing* the bilateral graduation process already underway and completing the transition to a regional mission staffing configuration.

Accordingly, the adjustments required for the Thai bilateral program to meet the FY95 deadline are relatively modest. Assuming the Mission does not have to cope with a budget rescission, disruption to the program and threats to Thai bilateral project sustainability are likely to be minimal. Furthermore, the existence of the RSM/EA offers a means of overseeing the two projects that the Mission proposes to keep in place after FY95: the U.S.-Thai Development Partnership Project and the Housing Guaranty Project. Finally, the ongoing operation of the RSM/EA simplifies required personnel adjustments.

The Thai Bilateral Program

The 40 year, \$1 billion U.S.-Thai development program has been on the path to graduation since July 1990 when the AID Administrator signed a memorandum of understanding with the Royal Thai Government (RTG) establishing the primacy of mutually beneficial partnerships in future relations. When the bilateral program resumed in late 1992 with the restoration of democracy in Thailand, USAID worked diligently with the RTG to streamline the remaining project portfolio. USAID and the RTG designed a program that stressed high priority development issues, particularly relating to HIV/AIDS and the environment, and long-term U.S.-Thai linkages to solve Thai development problems and create stronger U.S.-Thai bonds.

During FY93 USAID and the RTG moved substantially closer to the envisioned mutually beneficial partnership relationship by negotiating the \$20 million U.S.-Thai Development Partnership Project, a project the Mission sees as a potential prototype for many other USAID graduating countries (see Annex 1). In negotiating the Partnership Project, the RTG accepted that USAID would not provide \$40 million of authorized, but unobligated old-style project assistance. This was not an easy negotiating process, particularly given that USAID unilaterally deobligated \$21 million during the FY91-92 suspension to meet FAA Sec 513 requirements.

¹ In addition to the Thai bilateral program the RSM/EA manages six regional projects. See Annex 3 for an overview of RSM/EA responsibilities and Table IV for a listing of RSM/EA projects.

Thailand's current bilateral program consists of bilateral projects, PD&S, and centrally funded activities. The project portfolio consists of eight active projects, five of which are scheduled to be completed in FY94 and two in FY95 (See Table I). Only the new Partnership Project is scheduled to extend beyond FY95. The Mission proposes to continue the Partnership Project through December 1996 as a programmatic exception.² The relatively few PD&S activities that remain outstanding are scheduled for completion in FY94 (See Table II). Many of the 38 centrally funded activities are scheduled for completion in FY94 and only a few extend beyond FY95 (See Table III). The Mission proposes that all centrally funded activities with PACDs beyond FY95 be focused primarily on RSM/EA priorities and that decisions on any new commitments be coordinated with the RSM/EA. Because of its role in complementing the Partnership Project, the Mission is particularly interested in continuing the centrally funded, and RHUDO managed, HG Project³ which has a 9/30/98 PACD.

The Thai Bilateral Program Graduation Strategy

Three key assumptions have been made in setting forth the Thai bilateral program graduation strategy below. First, it is assumed that operations of the RSM/EA will continue. Second, it is assumed that the proposed \$10 million rescission in Thai bilateral program funding will not occur (see Annex 2 for a discussion). Third, it is assumed that a programmatic exception for continuing the new U.S.-Thai Development Partnership Project will be granted through December 1996.

The exception is requested because the Partnership Project is the center piece of the Thai bilateral program graduation and offers the prospect of a replicable model for other USAID graduation programs. It stresses the use of NGO/PVOs and leveraging development investments. Its objectives also have significant regional implications. The Partnership managers believe that three years (i.e. a PACD of 12/31/96) is the minimum amount of time needed to ensure the sustainability of the project. Oversight can be accomplished with minimal use of RSM/EA staff resources because of the existence of the Kenan Institute-Chulalongkorn University Partnership manager. (The rationale for continuing the Partnership is discussed in more detail below.)

The Thai bilateral program graduation strategy is simple and straight forward. It consists of five steps: 1) implement the existing graduation program schedule through FY95; 2) accelerate residual disbursement, reporting, and evaluation requirements so that they are completed by the end of FY95; 3) transfer oversight of the Partnership Project to the RSM; 4) focus centrally funded activities on RSM/EA priorities by the end of FY95; and 5) configure staffing to meet the ongoing requirements of the RSM/EA. A brief elaboration of these steps follows:

² Although the Mission had planned to do the Partnership Project over five years the Kenan Institute believes the partnership model can be made sustainable if they are allowed to operate the project for three years.

³ It should be noted that the HG Project includes a \$900,000 grant from the centrally funded USAEP.

- **Implement Existing Graduation Plan Through FY95** — The graduation plan negotiated with the RTG over the course of the past year will be implemented with one significant exception: the PACD of the Partnership Project will be shortened from 9/30/98 to 12/31/96.⁴ This will provide three years in which to institutionalize this innovative project. The remaining bilateral portfolio will be wound up according to existing PACD schedules, completing all projects by the end of FY95.

- **Accelerate and Complete Residual Project Requirements by the End of FY95** — Residual reporting, evaluation, and disbursement requirements will be accelerated so that they are completed by the end of FY95. Accelerated reporting and evaluation requirements are likely to affect the MANRES Project and EPD II Project although the impact of these changes are likely to be minor in the case of EPD II because of its mid-FY95 PACD.

- **Transfer Oversight of the Partnership Project to the RSM** — Oversight of the Partnership Project will be transferred to the RSM/EA through 12/31/96. However, the Kenan-Chula Partnership manager will directly manage the project. The RSM/EA will provide limited oversight for centrally funded activities that continue beyond FY95 as appropriate.

- **Focus Centrally Funded Activities on RSM/EA Priorities by End FY95** — Centrally funded activities will be focused primarily on RSM/EA priorities by the end of FY95. It is anticipated that the number of centrally funded activities will be reduced significantly by that date. The RSM/EA will seek continued involvement of selected centrally funded programs in activities which support or complement regional initiatives. Activities with relevant environmental, HIV/AIDS, education/training and technical support components will be high RSM/EA priorities. The Mission considers continuation of the HG to be especially important because of its role in complimenting the Partnership Project. Other programs in democracy and health, population and nutrition, and energy may also be of interest. The Mission proposes that centrally funded activities unrelated to these initiatives, but which may have global significance, be reviewed and coordinated with the RSM/EA. It is recommended that fully funded activities with PACDs prior to FY96 be completed as scheduled to avoid unnecessary disruption at this late stage. Oversight for activities beyond FY95 will be provided by the RSM/EA as appropriate, although the anticipated workload is small. (See Table III for a listing of RSM/EA priorities among the existing activities.)

⁴ The Partnership Project is scheduled to receive \$4.5 million in FY94 funding and additional funding of up to \$10 million has been proposed for FY95. No funding is planned for FY96.

- **Configure Staffing to Meet Ongoing RSM/EA Requirements by End FY95** – Staffing will be configured to meet ongoing requirements of the RSM/EA by the end of FY95. It should be noted for the record that USDH levels have been reduced over the course of the last 18 months from 16 to 15 and the number of FSNs has dropped from 79 to 73.⁵ Additional retirements are expected in 1994 and it is anticipated that further reductions will occur over the next twenty months as the transition to a regional mission profile is completed. However, the Mission is not prepared to make specific proposals until after the RSM/EA review scheduled for late February.

Rationale for Continuation of Partnership and HG Projects

The U.S.-Thai Partnership Project. The Partnership Project is meant to be USAID's capstone assistance project in Thailand, culminating 45 years of development work. It is designed to transform the relationship between the U.S. and Thailand from that of donor and recipient to partners pursuing common development goals. The Partnership offers the U.S. a means of continuing its long standing development relationship at no cost to the taxpayer. Thus, the project tests an innovative concept that may have significant applications around the world as USAID reduces the number of countries where it maintains a presence.

The Partnership Project works by using small amounts of USAID seed money as a catalyst to induce U.S. and Thai partners to undertake developmentally significant activities with their own resources. The project focuses on the high priority issues of HIV/AIDS and the environment - areas where the U.S. has a technical comparative advantage. The Partnership has already attracted considerable attention from the Thai media and Thailand's Prime Minister, Chuan Leekpai, is highly interested in the project. He recently spent more than an hour discussing it with the Mission Director and U.S. Ambassador.

While each individual subproject launched under the Partnership Project is a useful unit in that each is designed to be a discrete, self-sustained activity, the Partnership itself takes on the characteristics of a useful unit only when it can stand on its own as an on-going organization. As is the case with all development activities dominated by private sector funds, individual subprojects are expected to carry an element of risk and some subproject failures can be expected. However, as the Kenan-Chula Partnership management team gains experience, it is anticipated that these risks will be minimized. Nonetheless, USAID's presence in the early years of the project will be essential to maintain investor confidence in the project. Originally it was felt five years of USAID participation would be needed. However, the Kenan-Chula management team now believes that it can develop a track record of success that will ensure investor confidence over a period of three years. Thus, the current timetable is the absolute minimum needed to ensure long-term sustainability of the project.

⁵ These numbers exclude the reduction of a total staff of 13 FSN and USDH staff of the Office of Khmer Affairs which closed in September 1993. Responsibility for follow-up on residual close-out requirements was transferred to the RSM/EA.

Besides placing the Partnership itself in jeopardy, prematurely terminating the project could also undermine much of what USAID has been attempting to achieve in Thailand in recent years, i.e., an orderly graduation of one of the Agency's most successful assistance programs, and the creation of a follow-on arrangement that will maintain and capitalize upon the developmental and political linkages that have built over the last 45 years.

The Housing Guaranty Project. The HG Project, which provides up to \$100 million in guaranteed loans, was approved as part of a package which included \$1 million in USAEP grant funds. The purpose of the HG is to facilitate the establishment of a Thai Loan Guaranty Facility for lending to urban environmental infrastructure projects. USAEP and Partnership funds are being combined with the HG to increase the capacity of Thai municipalities to engage in private sector borrowing for environmental infrastructure and to facilitate U.S. private sector participation in these projects.

The HG will leverage large amounts of local Thai resources (perhaps as much as \$1 billion) for investment in urban environmental infrastructure and provide many opportunities for U.S.-Thai collaboration on projects. It and supporting USAEP and Mission funding will place U.S. firms in a position to participate in the environmental infrastructure projects that are financed by the Guarantee Facility, offering a valuable opportunity for U.S. environmental and engineering firms to establish a long-term presence in the Thai market.

The HG Project draws upon minimal amounts of Mission DA and all of these funds will be obligated before the bilateral program graduates in FY95. No additional Mission resources are contemplated for the project. Early termination of the HG would save little in Mission DA funds and could undermine the impact of USAEP resources as well as possibly jeopardizing goodwill toward U.S. companies trying to participate in Thailand's environmental projects. Thus, the HG offers a relatively low-cost opportunity to address an important Thai development need while at the same time providing U.S. firms with an opportunity to establish themselves in the Thai market.

Other Comments

With the exception of concerns related to ensuring the continuation of the Partnership Project, the Mission has no serious problems relating to USAID/W concerns about sustainability, evaluation, or local currency. With regards to its assessment of centrally funded projects, the Mission is most interested in seeing the HG project continued.

Sustainability - Because most projects are being phased out according to their existing PACDs no undue disruption is involved and sustainability issues have already been dealt with. Except for shortening the Partnership PACD the previously negotiated graduation strategy is being implemented. Sustainability will be a major issue for the Partnership Project if it is not allowed to operate under USAID oversight for a minimum of three years.

Evaluation Plans - Seven of the eight projects will be evaluated during FY94-95, with the Partnership Project being evaluated in FY97. Given the length of U.S. assistance to Thailand (over 45 years) and its scale (in excess of \$1 billion) the Mission recommends that a broad retrospective evaluation of the Thai Assistance Program be undertaken after FY95. USAID has played a long, pivotal and distinguished role in Thailand's modern development and this type of evaluation is likely to yield valuable lessons for the entire Agency. The evaluation would build upon and extend Robert J. Muscat's history of the Thai Program.⁶ Issues will include foreign policy, development assistance management, and developmental impact. This evaluation will serve also as an input into the final evaluation of the Partnership Project.

Local Currency - No local currency issues exist. USAID/Thailand controls no local currency accounts and has no current reporting responsibilities. Although the Mission's principal counterpart agency (DTEC) continues to solicit approval for expenditures from a Thai controlled local currency account, such approval is not required by an existing agreement.

Centrally Funded Projects - The origin, scope and perceived priority of centrally funded projects (viewed from both a Global Bureau and Mission perspective) are reviewed in Table IV. It needs to be emphasized, however, that with a few conspicuous exceptions, there has been little effort on the part of project designers and managers to consult with the Mission on centrally funded projects. As a result, the Mission is not in a position to comment with confidence on most of these projects.

The centrally funded project that the Mission feels most strongly about is the HG, which the Mission believes will significantly enhance the Partnership Project if it is continued.

⁶ Robert J. Muscat, Thailand and the United States: Development, Security, and Foreign Aid, Columbia University Press, 1990. - The existence of this study, which reviews the first 35 years of the Thai assistance program in detail, means that a final evaluation of the Thai program could be undertaken at a relatively modest cost.

TABLES

Table I: USAID/Thailand Bilateral Project Status

Table II: USAID/Thailand PD&S Status

Table III: Centrally Funded Activities in Thailand

Table IV: Centrally Funded Project Priorities

Table V: USAID/Regional Support Mission/EA Project Status

TABLE 1: USAID/Thailand Bilateral Project Status 12/31/93 (\$ Thousand)

Project Title and Number	Project Start Date & PAOD	Total (LOP) Funds Authorized	Cumulative Obligation	Actual Cumulative Expenditure	Pipeline	Estimated Disbursement (FY 1994)	Monthly Remaining	Comments/Status
Agricultural Technology Transfer (493-0337)	09/20/84 08/30/94	15,000	13,120	12,628	598	598	0	Project should be fully disbursed by FY 95 TDD. All reporting and evaluation requirements will be completed by FY 95 by USAID RBM/EA.
Science & Technology For Development (493-0340)	08/15/88 09/30/94	35,400	21,728	19,490	2,238	1,373	9	An estimated \$0.885 million will be available for decb in FY 95. All reporting, evaluation, and disbursement requirements will be completed by end FY 95 by USAID RBM/EA.
Emerging Problems of Development (493-0341)	02/21/88 02/20/95	19,000	18,719	18,927	1,792	1,450	130	Project should be fully disbursed by end FY 95. Reporting and evaluation requirements will be completed by USAID RBM/EA in FY 95.
PVO Co-Financing II (493-0342)	02/07/88 09/30/94	10,800	10,435	8,584	1,851	1,851	0	Project should be fully disbursed by FY 95 TDD. All reporting and evaluation requirements will be completed by end FY 95 by USAID RBM/EA.
Rural Industries and Employment (493-0343)	08/27/88 09/30/95	14,100	6,976	5,778	197	197	9	Project should be fully disbursed by end FY 94. Documentation to reduce PAOD to 9/30/94 is in process.
Management of Natural Resources & Environment (493-0345)	08/03/88 09/30/95	44,000	18,531	9,838	8,693	6,801	21	Project should be fully disbursed by FY 95 TDD. Residual reporting, evaluation, and disbursement requirements will be completed by 9/30/95.
Affected Thai Program (493-0348)	08/23/87 12/31/93	17,539	17,539	17,455	84	0	0	Project was completed 12/31/93. Close out requirements should be completed in FY 94. An estimated \$84,000 will be deobligated in FY 94.
U.S.-Thai Development Partnership (493-0350)	07/30/93 03/31/98	20,000	4,265	71	4,194	2,500	36	Current PAOD will be shortened to 12/31/96. This will allow three full years to institutionalize the partnership model. Oversight and residual requirements beyond FY 95 (including disbursement, reporting, and evaluation) will be transferred to the RBM.
TOTAL		175,839	110,318	90,689	19,647	14,770		

TABLE II: USAID/Thailand PD&S Status 12/31/93 (\$ Thousand)

Project Title and Number	Proj. Start Date & PAOD	Total LOP Funds Authorized	Cumulative Obligation	Accrued Cumulative Expenditures	Pipeline	Estimated Disbursement FY 1994	Balance Remaining	Original Estimate
Program Development and Support (499-0000.93)	10/01/90 09/30/92	948	1,630	1,488	32	32	3	Project should be fully disbursed in FY 1994.
Program Development and Support (499-0000.10)	10/01/92 09/30/93	453	453	445	8	8	15	Project should be fully disbursed in FY 1994.
TOTAL		1,401	1,983	1,943	40	40		

TABLE III: Centrally Funded Activities in Thailand (\$ Thousand)

A & 1 = highest

Office	Project No. and Title	Primary Contractor(s) and/or Grantee(s)	Major Recipients	Total O&M Funding	Estimated F&CO	Degree R&M Involved	Level R&M Priority	Comments
WID	936-760 Women's Organization and Participation	International Center for Research on Women	Local Thai NGO	250	N/A	O	1	Per Global Bureau an AIDS research project and a #1 priority.
PRE/H	493-HG-005	Not applicable	Ministry of Finance Borrower	Not applicable	FY96	A	1	Environmental infrastructure loan guarantee facility of \$100 million. Complements Mission's U.S.-Thai Dev. Partnership Project (493-0380)
PRE/H	US-AEP (Asia Environmental Partnership Project)	Kanan Institute	U.S. Private Sector	900	FY96	A	1	Grant project funded by AEP in conjunction with 493-HG-005
EO	936-5818 - Learning Tech. for Basic Education	Education Development Center		10	N/A	O	G	
EI	936-5738 - Private Sector Energy Development	Pricewaterhouse (Praxair)		120	N/A	O	G	
EI	936-5738 - Private Sector Energy Development	Pricewaterhouse (Environmental Dev.)		200	N/A	O	G	
EI	936-5738 - Private Sector Energy Development	K&M Engineering	Government of Thailand	50	N/A	O	G	
EI	936-5741 Energy Technology; Innovation	Electric Power Research Institute (EPRI)		50	N/A	O	G	
UC	936-5063 - University Development Linkages Project PCE-5063-A-00-3010-00	University of Oklahoma	Public & Private Sector benefit from applied research in petrochemicals & environment	1,000	FY97	B	1	Has major environmental focus and increases U.S. linked educational programs in Indonesia. Five year project has just commenced.
UC	936-5063 - University Development Linkages Project PCE-5063-A-00-3036-00	Case Western Reserve University	Inhabitants of Esam region; HO faculty/students in new environ./engineering program in toxic waste management	750	FY97	B	1	Addresses rural development and environmental issues in Thailand and expands U.S. linked educational programs in Indonesia. Five year project has just commenced.
H	936-5972.31 - HIV/AIDS Technical Support (AIDSOAP)	Family Health International	At risk population of HIV infections; health workers; medical providers; policymakers.	65	FY96	B	1	Per Global Bureau activities will continue in country with support of R&M and a #1 priority. HIV/AIDS is one of R&M's two top priorities.

A = Mission managed B = Significant involvement O = Little or no involvement G = Global Objective

Table II, page 1

TABLE III: Centrally Funded Activities in Thailand (\$ Thousand)

A & 1 = highest

Office	Project No. and Title	Primary Contractor(s) and/or Grantee(s)	Major Recipients	Total Core Funding	Estimated PAOD	Degree RSM Involved	Level RSM Priority	Comments
AGR	936-4023 Pond Dynamics CRSP	Oregon State University	Researchers, extension agents and farmers in Thailand and other Asian countries; AIT	2,000	N/A	O	G	Per Global Bureau Thailand is one of the primary field sites for global research conducted by AIT and OSL. A #1 priority.
AGR	936-4026 Peanut CRSP	University of Georgia	Universities, small-scale farmers/villages—urban consumers and cottage & larger scale processors.	1,714	N/A	C	G	Per Global Bureau activity is important to achieve regional/global objectives and a #1 priority.
AGR	931-1311 Soil Management CRSP	North Carolina State University	Private sector and farmers in Southeast Asia	1,000	N/A	C	G	Per Global Bureau regional site important to achieve CRSP's global objectives — #1 priority.
RES	936-5542-9.322 Cont. of Dengue Virus Virulence with the ability to Stimulate Helper T Lymphocytes	Chiang Mai University	Chiang Mai University	149	12/93	A	G	Per Global Bureau fully funded research of multinational importance and a #4 priority. Project is complete.
RES	936-5542-8.359 - Development of Monoclonal Antibody for Rapid Accurate Indexing of Sweet Potato for Mycoplasma	USDA		150	N/A	O	G	Project is fully funded.
RES	936-5542-9.179 Phosphorus Equilibria and Availability to Rice in Acid Sulfate Soils of Thailand	Louisiana State University	Kasetsart University	150	N/A	O	G	Project is fully funded.
RES	936-5542-9.363 Ecologically Based Models for Predicting of Legume Inoculation Requirements	BNF Resource Center Department of Agriculture	Khon Keen University	147	N/A	O	G	Project is fully funded.
RES	936-5800-10.310 Enhancement of Cattle Products while conserve Wild Cattle Species	Smithsonian Institute	Dusit Zoo	150	N/A	O	G	Project is fully funded.
RES	936-5800-10.450 Use of Leguminous Tree Leaves as Fish Pond Inputs	Asian Institute of Technology	Dusit Zoo	149	9/94	A	G	Project is fully funded and will be completed in FY 94.
RES	936-5800-10.462 - Improvement of Bact. Strains for the New Fish Sauce Fermentation Technology	King Mongkut's Institute of Technology	Dusit Zoo	150	9/94	A	G	Project is fully funded and will be completed in FY 94.

A = Mission managed B = Significant involvement O = Little or no involvement G = Global Objective

Table III Page 2

TABLE III: Centrally Funded Activities in Thailand (\$ Thousand)

A & 1 = Highest

Office	Project No. and Title	Primary Contractor(s) and/or Beneficiary	Major Recipient(s)	Total Cost Funding	Estimated EACD	Degree of Risk Involved	Level of Priority	Comments
RES	936-6600-9,331 - Development of Cryopreservation Methods of the Milk of Giant Catfish	Kasetsart University	Kasetsart University	139	9/97	A	G	Project is fully funded although not scheduled for completion until 9/97.
RES	936-8600-12,497 - Genetic Relationships among Thai Dengue 3 Viruses Character, by year of Isolation and Severity of Assoc. Illness	University of Mahidol	University of Mahidol	150	9/97	A	G	Project is fully funded although not scheduled for completion until 9/97.
RES	936-6600-11,679 - Structure and Phenology of Seasonal Evergreen Rain Forest in Thailand: Info for MGT and Restoration	Harvard University	Royal Forest Department	144	N/A	O	G	Per Global Bureau project is fully funded, of multinational importance, and a #1 priority.
RES	936-6644-C8.138 Production of Eicosapentaenoic Acid of Microalgae	Ben Gurion University		220	N/A	O	G	Project is fully funded.
RES	936-6544-C9,045 - Biological Control of Varroa Bee Mite	Chulalongkorn University	Chulalongkorn University	187	6/94	A	G	Project is fully funded and will be completed in FY 94.
RES	936-6644-C9,086 - Engine Driven Potato Digger with Oscillating Blade for Small Farmers	Asian Institute of Technology	Asian Institute of Technology	200	9/94	O	G	Project will be completed in FY 94.
RES	TA-MOU-011-194 - High Vitamin B12 Vegetarian Diet by Mixed Fermentation (C11.191)	Hebrew University of Jerusalem	Kasetsart University	200	N/A	O	G	Per Global Bureau fully funded project of multinational importance and a #2 priority.
ENR	936-6559 - Environmental Pollution Prevention	Hagler, Bailly & Company	Federation of Thailand Industries, Private Sector	200	N/A	B	G	Technical support to high priority Thai NGO in industrial environment.
EID	936-6466 - Appropriate Technology International DRH 5466-G-00-1027-00	Appropriate Technology International (ATI)	Rural small-scale industries; National center for genetic engineering/technology.	500	N/A	O	G	Per Global Bureau activity will continue beyond FY 95 and a #1 priority. No rationale given.
EID	936-6647.50 - Forestry/Fuelwood Research and Development DHR 5647-A-00-0018-00	Winrock International	Asian-based researchers	500	N/A	O	G	Closes out in FY 94.
TOTAL (Per Data Provided by ABIA/NE)				11,624				

A = Mission managed B = Significant involvement O = Little or no involvement G = Global Objective

TABLE III: Centrally Funded Activities in Thailand (\$ Thousand)

A & 1 = highest

Office	Project No. and Title	Primary Contractor(s) and/or Grantee(s)	Major Recipients	Total Core Funding	Estimated PAOD	Degree RSM Involved	Level RSM Priority	Comments
OFDA	Prevention, Migration and Preparedness	Asia Institute of Technology		1,000	FY 94	C	G	FY 94 PAOD.
OFDA	QA	World Environ. Center		3,500	FY 97	O	3	Emergency response training.
OFDA	Prevention, Migration and Preparedness	PHUDO	PSO at AIT	600	FY 97	A	2	Work on building mitigation into disaster response strategies. Regional: South and SE Asia: 8 countries receive training & TA.
FDC/FHA	ASHA	Yonok College Lampang		1,000	FY93	O	G	Last grant ended 6/29/91 has PAOD of 12/90/92. Grants made directly by ASHA to U.S. Foundations.
FDC/	MG	Advocate Dev. & Relief Agency		108	6/94	C	G	FY 94 PAOD.
FDC/FHA	MG	American National Red Cross	No info	50	5/94	O	G	FY 94 PAOD.
FDC/FHA	MG	Cooperative for American Relief Everywhere	No info	362	6/95	C	G	
TOTAL (Per Data Provided by FDC/FHA)				6,610				

A = Mission managed B = Significant involvement O = Little or no involvement G = Global Objective

Table III, Page 4

GRAND TOTAL (Per Data Provided by ASIA/NE Plus FDC/FHA)

18,234

Table III Footnotes:

- Categories of RSM involvement are:
 A - RSM management. Activities which require direct execution of HB 3 grants (PSO and CDR competitive science grants programs) and/or financial or procurement assistance;
 B - Substantial RSM involvement. Activities in which the RSM plays a significant programmatic role and/or provides a high level of administrative support (e.g., AIDSOAP, USAEP); and
 O - Little or no RSM involvement. Activities which are unknown to the RSM, have no linkages to regional program priorities and which require no local support.
- RSM Priority: A priority score of 1-5, with 1 highest, has been assigned to those centrally funded activities with a close relationship to on-going activities (Thailand or regional). The majority of centrally funded programs have been initiated in response to global, as opposed to regional, objectives. For this reason, the only priority classification assigned to these activities is "G."

TABLE IV: Centrally Funded Project Priorities (\$ Thousand)

A & I = highest

Office	Project No. and Title	Total Core Funding	Estimated PACD	Initiated by G Bureau, Asia Bureau or the Mission	Degree RGM Involved	Geographic Scope	RGM Priority	Utility
AGR	938-4023 Pond Dynamics CRSP	2,000	N/A	G Bureau	C	Regional	5	Note AA
AGR	935-4028 Peanut CRSP	1,714	N/A	G Bureau	C	Regional	5	Note AA
AGR	931-1311 Soil Management CRSP	1,000	N/A	G Bureau	C	Regional	5	Note AA
REB	938-5542-9.322 Corr. of Dengue Virus Virulence with the ability to Stimulate Helper T Lymphocytes	149	12/93	G Bureau	A	Regional	5	Note BB, CC
REB	938-5542-9.359 - Development of Monoclonal Antibody for Rapid Accurate Indexing of Sweet Potato for Mycoplasma	150	N/A	G Bureau	C	Regional	5	Note AA
REB	938-5542-9.179 Phosphorus Equilibria and Availability to Rice in Acid Sulfate Soils of Thailand	150	N/A	G Bureau	C	Regional	5	Note AA
REB	938-5542-9.383 Ecologically Based Models for Predicting of Legume Inoculation Requirements	147	N/A	G Bureau	O	Regional	5	Note AA
REB	938-5800-10.310 Enhancement of Cattle Products while conserve Wild Cattle Species	150	N/A	G Bureau	O	Regional	5	Note AA
REB	938-5800-10.480 Use of Leguminous Tree Leaves as Fish Pond Inputs	149	9/94	G Bureau	A	Regional	5	Note BB, CC
REB	938-5800-10.482 - Improvement of Bacul. Strains for the New Fish Source Fermentation Technology	150	9/94	G Bureau	A	Regional	5	Note BB, CC

A = Mission managed B = Significant involvement O = Little or no involvement G = Global Objective

Table IV, Page 2

TABLE IV: Centrally Funded Project Priorities (\$ Thousand)

A & 1 = highest

Office	Project No. and Title	Total Core Funding	Estimated PACD	Initiated by G Bureau Asia Bureau or the Mission	Degree RSM Involved	Geographic Scope	RSM Priority	Utility
WID	936-750 Women's Organization and Participation	250	N/A	Asia Bureau	O	Regional/Thai	1	WID activities are considered a high priority in general however Mission is unfamiliar with this specific activity.
PRE/H	493-HG-005	Not applicable	FY98	G Bureau/Mission	A	Thai	1	Highest utility to Thai bilateral program. Complements partnership.
PRE/H	US-AEP (Asia Environmental Partnership Project)	900	FY98	Asia Bureau	A	Thai	1	Mission utilizes US-AEP heavily to complement bilateral environmental activities. Complements partnership.
ED	936-5515 - Learning Tech. for Basic Education	10	N/A	G Bureau	C	Thai	5	Requesting background information.
EI	936-5738 - Private Sector Energy Development	120	N/A	G Bureau	O	Thai	2	Complements partnership.
EI	936-5738 - Private Sector Energy Development	200	N/A	G Bureau	C	Thai	2	Complements partnership.
EI	936-5706 - Private Sector Energy Development	50	N/A	G Bureau	O	Thai	2	Complements partnership.
EI	936-5741 Energy Technology; Innovation	50	N/A	G Bureau	C	Thai	2	Complements partnership.
UC	936-5063 - University Development Linkages Project POE-5063-A-00-3010-00	1,000	FY97	G Bureau	B	Regional/Thai	2	Has major environmental focus and increases U.S. linked educational programs in Indochina. Grant is consistent with both Thailand and regional agendas.
UC	936-5063 - University Development Linkages Project POE-5063-A-00-3035-00	760	FY97	G Bureau	B	Regional/Thai	2	Addresses Thai rural development issues and expands U.S. linked educational programs in Indochina.
H	936-5972.31 - HN/AIDS Technical Support (AIDSOAP)	55	FY98	G Bureau/Mission	B	Regional/Thai	1	One of two Thailand strategic priorities and an important program concern in the region.

A = Mission managed B = Significant involvement O = Little or no involvement G = Global Objective

Table IV, Page 1

TABLE IV: Centrally Funded Project Priorities (\$ Thousand)

A & 1 = highest

Office	Project No. and Title	Total Core Funding	Estimated PAOD	Initiated by G Bureau, Asia Bureau or the Mission	Degree ROM Involved	Geographic Scope	ROM Priority	Utility
REG	938-6600-9.331 - Development of Cryopreservation Methods of the Milt of Giant Catfish	139	9/97	G Bureau	A	Regional	5	Note BB
REG	938-6000-12.497 - Genetic Relationships among Thai Dengue 3 Viruses Character, by year of Isolation and Severity of Associated Illness	150	9/97	G Bureau	A	Regional	5	Note BB
REG	938-6600-11.578 - Structure and Phenology of Seasonal Evergreen Rain Forest in Thailand; Info for MGT and Restoration	144	N/A	G Bureau	C	Regional	5	Note AA
REG	938-6544-08.138 Production of Ectocarpus sp. for Algal Biofertilizer	250	N/A	G Bureau	O	Regional	5	Note AA
REG	938-6544-C9.045 - Biological Control of Varroa Bee Mite	187	6/94	G Bureau	A	Regional	5	Note BB, CO
REG	938-6544-C9.098 - Engine Driven Potato Digger with Oscillating Blade for Small Farmers	200	9/94	G Bureau	O	Regional	5	Note AA
RES	TA-MOU-011-194 - High Vitamin B12 Vegetarian Diet by Mixed Fermentation (C11.191)	200	N/A	G Bureau	O	Regional	5	Note AA
ENR	938-6569 - Environmental Pollution Prevention	200	N/A	G Bureau	B	Thailand	5	Project may complement Partnership but it lacks a mechanism to utilize its results.
EID	938-6455 - Appropriate Technology International DRH 5455-G-00-1027-00	500	N/A	G Bureau	O	Regional	5	
EID	938-6547.50 - Forestry/Fuelwood Research and Development DHR 5547-A-00-0018-00	500	N/A	G Bureau	O	Regional	5	Note AA, CO
TOTAL (Per Data Provided by ASIA/NE)		11,624						

A = Mission managed B = Significant involvement O = Little or no involvement G = Global Objective

Table IV, Page 8

14/02 '94 16:30 FAX 662 2532672

TABLE IV: Centrally Funded Project Priorities (\$ Thousand)

A & 1 = highest

Office	Project No. and Title	Total Cost Funding	Estimated FACD	Initiated by G Bureau And Bureau of the Mission	Degree RSM Involved	Geographic Scope	RSM Priority	Utility
OFDA	Prevention, Migration and Preparedness	1,000	FY 94	OFDA	O	Regional		Direct grant to "assistance for disaster preparedness center" Mission has no direct involvement.
OFDA	World Environment Center OA	3,600	FY 97	OFDA	O	Thai	3	Mission coordinates with WEC but does not manage activities.
OFDA	Prevention, Migration and Preparedness	600	FY 97	OFDA	A	Regional		Funds for David Hollister at ADPO at AIT.
FDO/FHA	ASHA	1,000	FY 93	FDO/FHA	C	Thai	5	Note OO
FDO	Matching MG Grant	106	6/94	FDO	C	Thai		Note OO
FDO/FHA	Matching MG Grant	50	6/94	FDO	C	Thai		Note OO
FDO/FHA	Matching MG Grant	352	6/95	FDO	C	Thai		Note OO
TOTAL (Per Data Provided by FDO/FHA)		6,610						

A = Mission managed B = Significant involvement C = Little or no involvement G = Global Objective

Table IV, Page 4

GRAND TOTAL 18,234

(Per Data Provided by ABIA/NE Plus FDO/FHA)

Table IV Footnotes:

- Research efforts have no
 - RSM management. Activities which require direct execution of HB 3 grants (PSTO and ODR competitive science grants programs) and/or financial or procurement assistance;
 - Substantial RSM involvement. Activities in which the RSM plays a significant programmatic role and/or provides a high level of administrative support (e.g., AIDSCAP, USAEP); and
 - Little or no RSM involvement. Activities which are unknown to the RSM, have no linkage to regional program priorities and which require no local support.
- RSM Priority: A priority score of 1-5, with 1 highest, has been assigned to those centrally funded activities with a close relationship to on-going activities (Thailand or regional). The majority of centrally funded programs have been initiated in response to global, as opposed to regional, objectives. For this reason, the only priority classification assigned to these activities is "G."

Utility Notes:

- Research efforts have no immediate utility to Thailand program; activity is related to "G" priorities but may have regional applicability.
- Science grants awarded to researchers in Thailand will generally have utility to Thailand in the medium or long-term. However, RSM understands that the principal rationale and justification for these grant is based on the worldwide relevance of the research results.
- Activity is scheduled for close-out by NLT FY 95.

ANNEXES

Annex 1: U.S. Thailand Development Partnership Project

Annex 2: Impact of Proposed \$10.0 Million Rescission, USAID/Thailand

Annex 3: Regional Support Mission for East Asia (RSM/EA) Operations

ANNEX 1:

U.S.-Thailand Development Partnership Project

I. U.S.-Thai Strategic Partnerships - Beyond Foreign Assistance

The new U.S.-Thai Development Partnership Project provides competitive, high impact, state of the art solutions to urgent Thai development problems, while also developing mutually beneficial U.S.-Thai linkages - "strategic partnerships."

The strategic partnership concept provides a low-cost, mutually-beneficial assistance model under which USAID can continue to maintain its long standing relationships with countries that have achieved advanced developing country status. The Partnership model is an alternative development assistance model designed specifically for advanced developing countries.

Despite their economic success, new countries achieving lower-middle income status still have significant development problems and can still benefit from U.S. expertise. It makes good sense from the standpoint of foreign, commercial and development policy for the U.S. to engage in low-cost assistance programs maintain links to such developing countries.

Three sets of U.S. and Thailand strategic interests underlie the development partnership concept:

Mutual Development Interests - It is in the interest of Thailand, the region, and the U.S. that Thai development succeed. Despite its economic accomplishments, Thailand has urgent, transnational development problems such as HIV/AIDS and environmental management which threaten to undermine its impressive growth. The U.S. has the technology, experience and expertise to assist with these problems.

Mutual Economic Interests - Solving key development problems can be in both countries economic interest and can lead to ongoing commercial, technical, and professional linkages. Thailand is a large, rapidly growing economy that has significant trade and investment opportunities for the United States. Thailand is open to foreign commercial trade and investment interests, especially from the United States, and is potentially an important stepping stone into South East Asian markets of the future.

Mutual Foreign Policy Interests - Regional stability is in the interest of both Thailand and the USA. Thailand occupies a strategic location on a peninsula of 180 million people. It is the most politically stable and economically successful country in the Indochina region. Thailand can play an important role in the normalization of U.S. relations in the region and is well positioned to be an important role model in the modernization process.

II. Why the Partnership Strategy is Different

The Partnership stresses highly leveraged activities in which the importance of U.S. solutions to Thai development problems are self-evident. The Partnership will focus initially on the high priority issues of HIV/AIDS and environmental infrastructure and management where the U.S. has a comparative advantage in providing technical expertise and technology.

The partnership concept represents a major shift in USAID and the RTG's Department of Technical and Economic Cooperation (DTEC) traditional approach to development assistance because neither USAID nor DTEC will finance or manage Partnership activities. Instead, the Partnership, using small amounts of seed money, will act as a catalyst to induce U.S. and Thai partners to undertake developmentally significant activities with their own resources.

Although USAID and DTEC will bring comparatively modest resources to the table, the Partnership strategy is likely to result in far greater impact per unit of expenditure than traditional assistance approaches. It is also likely to result in far greater sustainability than traditional assistance because of the strong mutual self-interest of the principals, as evidenced by their financial and managerial commitments.

The Partnership will engage a full array of U.S. and Thai public, private, NGO, and university capabilities and resources. The Partnership will stress, but not be limited to, private sector solutions. Although the Partnership will always be focused on critical Thai development issues, the project will tend to choose activities where mutual interests most clearly coincide. We believe the resulting U.S.-Thai linkages will be effective against the urgent problems at hand and lay the basis for long-term, mutually beneficial relationships.

III. Why the Partnership is Good for Development

The Partnership is good for Thai development for many reasons:

Strategic Focus - The Partnership is focused on urgent development issues -- initially HIV/AIDS and environmental infrastructure and management -- that pose significant threats to Thailand's economic prosperity and long-term well-being.

Greater Resource Mobilization - The Partnership potentially mobilizes far greater resources against the target problem areas than otherwise would be the case. Partnership solutions will be self-financing because of the introduction of private sector resources, cost recovery principles, and the requirement that principals arrange for all strategic partnership financing. The Partnership will promote the private provision of public services by assisting Thai authorities to identify policies and regulations that constrain private sector participation. It is anticipated that the Partnership will also promote the mobilization of public, NGO, and university resources against the target problem areas as well.

Greater Resource Efficiency - Resources effectively allocated against urgent development issues will tend to earn higher social-economic rates of return than they would have in their next best alternative use. In addition to the gains to be obtained from superior resource allocation, the Partnership can be expected to improve the efficiency of resource utilization because of the greater involvement of private sector management and the use of state of the art technology and technical solutions. The Partnership will concentrate on development issues where the U.S. has a clear comparative advantage in providing technical solutions.

Faster Solutions - Partnership solutions are likely to be implemented faster because of the greater likelihood of private sector involvement and management. Implementation is also likely to be faster because of the strategic focus of the Partnership on key constraining factors, whether it be the absence of regulations or necessary laws, the presence of bad regulations or policies, or the need for key institutional strengthening. Beyond the self-evident benefit of obtaining faster solutions to urgent problems, quicker solutions also translate into lower costs and higher rates of return.

Higher Quality Solutions - Partnership solutions are likely to be of the highest quality and higher than would otherwise have been obtained because of the large potential array of U.S. partners from which Thailand will be able to choose. It is expected that U.S. partners will be able to bring state of the art technology and long years of experience to many of the problems within the Partnership's areas of focus. In addition, it is anticipated that a large proportion of solutions are likely to involve the Thai and U.S. private sectors which can be expected to deliver higher quality results on average than solutions obtained under more typical development projects.

Long-Term Development Impact - Partnership solutions stress factors that tend to promote and sustain long-term development impact. The Partnership emphasizes technology transfer, human resource development, policy reform, institutional change, and the establishment of mutual interest linkages with U.S. institutions. In the process of solving today's problems the Partnership will tend to lay the foundation for solving tomorrow's problems. The focus on HIV/AIDS and environmental infrastructure and management clearly is an attempt to address long-term problems as early as possible to avoid highly negative long-term impacts in the future.

IV. How The Partnership Works

The Partnership follows a three step methodology:

Problem Identification - Provide U.S. or Thai technical assistance to define the Thai problem and assess the appropriateness of a U.S.-Thai response.

Solution - Structure a solution that includes U.S. expertise, experience, and technology transfer.

Strategic Partnership - Facilitate formal agreement among principals to implement, self-finance, and sustain a priority development activity in the project areas of focus.

Strategic partnerships are the heart and measurable output of the Partnership. USAID and DTEC will assist in making the strategic partnership happen by bringing together the potential principals, cost-sharing some of the up-front costs and, in some cases, enhancing the developmental impact by funding small activities that provide institutional support to the core formal agreement. USAID and DTEC's role is that of catalyst, not of financier or manager.

In identifying and screening potential strategic partnerships in the areas of project focus, the following criteria will be applied:

- Is there a Thai development problem?
- Do U.S. organizations have a comparative advantage in experience and technical expertise?
- Can a formal agreement to implement the activity be reached in less than three years?
- Will the proposed partnership add to Thai institutional capability to handle similar activities?

V. Concluding Thought

The U.S.-Thai Development Partnership Project, which will provide a total of \$20 million over the next three years, is an important experiment in the search for new, more effective approaches to development assistance. If it works it means that the U.S. and Thailand will have developed and proven a low cost, high impact, mutually beneficial assistance strategy. Although not appropriate in all situations, this approach could be expected to have broad application in many countries around the world.

ANNEX 2:

Impact of Proposed \$10.0 Million Rescission USAID/Thailand

Enactment of the proposed \$10 million rescission would substantially disrupt the orderly graduation of the Thai program that has been negotiated with the Royal Thai Government (RTG) over the last year. The proposed rescission represents more than half of our current undisbursed pipeline. Over two-thirds of that pipeline is already committed (signed contracts and grants for project implementation) and an additional 11% is earmarked (pending final agreement). An estimated 70% of the pipeline will be disbursed by the end of FY94 and the balance in FY95. (This excludes an estimated \$950,000 that will be deobligated in FY94/95.)

When the Thai bilateral program was resumed in 1992 with the restoration of democracy in Thailand, the Mission worked diligently with the RTG to streamline the remaining portfolio. Together we designed a program that stresses:

- action-oriented projects focusing on high priority development issues, particularly in the areas of HIV/AIDS and the environment and
- long-term linkages to solve development problems and create stronger U.S.-Thai relations as Thailand moves toward a developed-country success.

In agreeing to our new Partnership approach (which we see as a potential model for USAID graduating countries worldwide), the RTG accepted that we would not provide \$40 million of authorized, but unobligated old-style foreign aid projects. This was a major concession on the part of the RTG given that USAID had previously de-obligated approximately \$21 million during the suspension to meet the requirements of Sec. 513 of the FAA.

Politically, the planned rescission will undo much of the past year's effort to orchestrate a graceful transition to a mutually beneficial partnership relationship. The RTG will be confused and exasperated, especially since the rescission will come on the heels of the formal announcement of the graduation of the Thai program and the transition to the new Partnership.

The RTG has embraced the Partnership concept but will be very upset over the contradictions implied by the rescission. They will see the U.S. Government giving with one hand and taking away with the other; i.e., with the U.S. providing an FY95 operating year budget but taking away up to double that amount with the rescission in the other.

Administratively, the rescission will involve not only taking money away from the RTG, but also terminating existing grants and contracts with implementing entities. This is usually a protracted and laborious process involving a multitude of claims by contractors/grantees and could lead to

legal actions that would tie up much of our existing program. If the proposed \$10 million rescission were to be implemented, the Mission would have to rescind, at minimum, \$2.3 million of existing agreements (but possibly significantly more to adjust for the program's highest priorities) and cancel \$2.5 million of existing commitments.

Programmatically, enactment of the rescission would strip away much of the bilateral program's institution-building capacity and its technical/training activities in the areas of HIV/AIDS and the environment. For example:

- The new U.S.-Thai Development Partnership Project may be seriously undermined if contract terminations are necessary and we have to reach into the Partnership's environmental and HIV/AIDS program to meet the \$10 million rescission.
- Priority programs funded by other projects would be terminated or impaired; e.g., a pilot HIV/AIDS program aimed at eliminating child prostitution (EPD II) and PVO activities involving street children (PVO Co-Fi).
- Much of the remaining impact would fall on our environmental program (MANRES) in such areas as: 1) watershed and forestry management, 2) toxic wastes disposal policy, 3) pollution prevention and control in the chemical, food processing and pulp/paper industries, and 4) wetlands development.
- Reduction of MANRES activities would in turn harm the Partnership. MANRES activities are necessary complements, and in some cases prerequisites, for the environmental component of the new Partnership Project.

In conclusion, a rescission of this magnitude would undermine much of what we have been attempting to achieve here in recent years — an orderly graduation of one of our most successful USAID programs, and the creation of a follow-on "partnership" that would build on the developmental and political linkages our aid to Thailand has fostered over several decades.

ANNEX 3:

Regional Support Mission for East Asia (RSM/EA) Operations

For more than a year the RSM has been providing support to USAID missions in the following countries: Thailand, Cambodia, Mongolia, Singapore, Japan, Sri Lanka, and Nepal as well as the ASEAN AIDREP. Limited RSM assistance is also provided to U.S. NGOs operating in Vietnam and Laos as well as to Burmese refugees living in Thailand.

The decision to establish RSM/EA was based, in large part, upon the perceived virtues of the regional mission concept. These virtues include the following:

- Some mission functions do not require the full-time presence of a U.S. direct hire. Hence, such services can be provided for efficiently from a central location. Examples include contracting and legal advice.
- Other mission functions can be provided more cheaply from a central location because of economies of scale. Examples include procurement, financial support, personnel administration, and some types of program and project design assistance.
- Providing such services from a limited number of centralized overseas locations can be more efficient than providing the services from Washington because of: a) reduced travel costs, b) reduced time and money, wasted in travel, c) reduced inefficiency due to jet lag, d) fewer communications difficulties caused by differences in time zones, and e) lower operating costs since many functions can be performed by FSNs.
- The quality of FSN personnel varies from country to country. The establishment of a regional mission in a country with high quality FSN personnel can encourage organizational efficiency and permit USAID to stretch its limited resources further.
- USAID is under pressure to minimize the number U.S. FTEs located overseas. The establishment of regional missions and increased reliance on FSN personnel can help to minimize U.S. overseas presence.

Two additional factors contributed to the decision to set up a regional support mission in South, East and Southeast Asia:

- First, considerable uncertainty surrounded the future of USAID's presence in East and Southeast Asia and a regional mission would provide the Agency with flexibility needed to adapt quickly to rapidly changing needs and circumstances; and
- Second, budget cuts and other pressures would require USAID to minimize its field presence, and a regional mission would allow the Agency to optimize the deployment of its overseas direct hires.

Despite many recent changes in Southeast Asia these basic assumptions remain applicable. Uncertainty about developments in the region and USAID's future presence in it continues, and hence, the need for flexibility, coordination and efficiency in Agency operations remains a paramount concern. On-the-ground circumstances have, and are likely to continue to change rapidly in the region, and it is this very uncertainty and the accompanying need to mobilize resources and respond quickly that provides the most convincing rationale for the RSM's presence in the region.

The table below identifies the areas where various RSM offices are currently working. It lists 38 areas of active involvement as well as 23 areas of potential activity. (The graduation of the Thai bilateral program in two years time is likely to reduce the active total to 29, although there may be a longer close-out period for some offices, e.g. Finance and EXO.)

Areas of Active and Potential RSM/EA Support by Country

Country	RC	RP	EXO	RLA	PDE	TR	PSP	RHUDO
Thailand	Active	Active	Active	Active	Active	Active	Active	Active
Cambodia	Active	Active	Active	Active	Active	Active	Active	Potential
Mongolia	Active	Active	Active	Active	Active	Active	Active	Potential
ASEAN	Active	Active	Active	Active	Potential	Potential	Potential	
Singapore	Active	Active	Active	Active				
Japan	Active		Active	Active				
Sri Lanka		Active						
Nepal		Active						
Vietnam	Potential	Active	Potential	Active	Active	Potential	Potential	Potential
Laos	Potential	Active	Potential	Potential	Active	Potential	Potential	Potential
Burma	Potential	Potential	Potential	Potential	Active	Potential	Potential	Potential

RC = Regional Controller; RP = Regional Procurement; EXO = Executive Office; RLA = Regional Legal Advisor; TR = Technical Resources; PSP = Program and Strategic Planning.

The following discussion provides more details on RSM/EA functions and responsibilities in each constituent country program. For bilateral country programs, the role of the RSM is divided into three categories:

- **Category A** - Countries with no USDH presence for which USAID serves as a defacto mission, plus Thailand. (Thailand, Vietnam, Laos, Burma).
- **Category B** - Countries or programs with AIDREPs (Cambodia, Mongolia, ASEAN).
- **Category C** - Countries or special programs receiving specific, limited services (Japan, RIG/Singapore, Nepal and Sri Lanka).

Office of the Regional Controller

- **Category A** - Provides full financial management and accounting services including voucher examination, payment, audit tracking, and assessments.
- **Category B** - Provides full financial management and accounting services including voucher examination, payment, audit tracking and assessments.
- **Category C** - Provides OE budget financial management and accounting services for the RIG Office in Singapore and AID Affairs Office in Japan.

Office of Regional Procurement

- **Category A** - Provides full procurement support in contracts and grants negotiation, execution and management; and advises in planning and implementation of AID contract policies for program, project assistance and OE.
- **Category B** - Upon request of AIDREP, provides full procurement and assistance support for contracts and grants negotiation, execution and management; and advises in planning and implementation of AID contract policies for program, project and OE.
- **Category C** - Upon request of client post, provides full procurement and assistance support for contracts and grants negotiation, execution and management for Nepal and the RIG Office in Singapore; and advises in planning and implementation of AID contract policies for program, project assistance and OE.

Executive Office

- **Category A** - Provides full administrative support including personnel management (staff recruitment, selection and orientation); establishment and management of operating expense budget; ordering, inventory and tracking of expendable and nonexpendable property, residential leasing and maintenance, etc.
- **Category B** - Upon request of AIDREP, provides administrative support for a range of services including personnel management and training; OE procurement; inventory and tracking of expendable and nonexpendable property; and residential leasing.
- **Category C** - Upon request of Devcons Japan and RIG/Singapore, provides administrative support.

Regional Legal Advisor

- **Category A** - Provides counsel to missions and programs for all matters of a legal nature arising under U.S. and host country bilateral agreements as well as laws and regulations pertaining to the foreign assistance program; also provides other counsel and services of a non-legal or policy nature, as requested.
- **Category B** - At request of AIDREP, provides counsel to missions and programs for all matters of a legal nature arising under U.S. and host country bilateral agreements as well as laws and regulations pertaining to the foreign assistance program; also provides other counsel and services of a non-legal nature, as requested.

Office of Project Development and Evaluation

- **Category A** - Provides full Project Development support including, but not limited to, planning, scheduling, management and participation in design and evaluation of all project and sector activities; manages project reviews, semi-annual portfolio reviews and reviews of evaluations. Provides direct management for selected bilateral and regional project activities.
- **Category B** - Upon request of AIDREP, provides full range of project development support, including, but not limited to, planning, scheduling, management and participation in design and evaluation of project and sector activities; participates in reviews, semi-annual portfolio reviews and reviews of evaluations.

Office of Technical Services

- **Category A** - Directly responsible for the management, monitoring and implementation of a project portfolio consisting of bilateral and regional activities. Responsible for the technical management to ensure achievement of strategic and project objectives and the optimum utilization of project resources. Provides technical expertise and direction for the planning and design of regional and bilateral projects. Provides technical support for the review and evaluation of projects.
- **Category B** - As requested by AIDREP, provides technical expertise for the design, review, evaluation and implementation of projects.

Office of Program and Strategic Planning

- **Category A** - Provides full range of program management functions including ABS, CP, OYB, CNs, program/project agreements; directs and manages strategic planning activities, including data gathering, development needs assessments, strategy development, and program performance evaluations; provides review/drafting of TORs for economic services and project economic analyses; participates in all project reviews. Provides direct management of selected bilateral project activities.
- **Category B** - Upon request by AIDREP, provides range of program management including ABS, CP, OYB, CNs, and program clearances; directs and manages strategic planning activities, including data gathering, development needs assessments, strategy development, and program performance evaluations; provides review/drafting of TORs for economic services and project economic analyses.

Regional Housing and Urban Development Office

- **Category A** - Provides full project design and management services to USAID/ Thailand.
- **Category B** - At request of AIDREP, provides design & implementation assistance.

To: Shirley Toth@s+t.en@AIDW, Martin Hewitt@R+D.WID@AIDW
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Cc: Duff Gillespie@S+T.AA@AIDW, John Bierke@R+D.PO@AIDW
David Erbe@R+D.PO@AIDW, Thomas Kellerman@R+D.PO@AIDW
Bcc:
From: Garland Standrod@R+D.PO@AIDW
Subject: Thailand closeout review follow-up
Date: Tuesday, February 22, 1994 10:14:57 EST
Attach: U:\GSTANDRO\DOCS\THAILAND.18
U:\STPOPUB\DOCS\FORMTHAI.GLS
Certify: N
Forwarded by:

At the closeout review for Thailand on Friday (2/18), ASIA Bureau said they would only support the continuation of activities beyond the closeout date (FY 1995) if the activities supported AIDS/HIV prevention and control and if the activities supported the improvement of environmental quality. The activities whose continuation the mission supports would be managed from a regional mission for East Asia in Bangkok (RSM/EA). There was also a long discussion related to housing guarantee programs, but these are not the subject of this E-mail.

The ASIA bureau proposes that "fully funded, centrally-financed activities with PACD's prior to FY 1996 be completed as scheduled" and that "centrally funded activities beyond FY95 be focused on RSM/EA priorities such as HIV/AIDS, the environment and technical cooperation." ASIA suggests that "other activities, considered to be global priorities, be reviewed and coordinated with RSM/EA" ASIA also proposes that HG's will retain their current 9/30/98 PACD.

Attached is a list of the activities your office gave the Program Office which your office is conducting in Thailand.

For each activity which will extend beyond the end of FY 1995 AND for which your office would like to make a case for continuation, please supply a clear and concise, brief and "strong" argument for the continuation of the activity and an explanation of how it will be managed*, using the form provided with this E-mail: FORMTHAI.GLS.

[*This does not apply to PRE/H HG programs--which are being dealt with in another section of the closeout plan.]

Arguments the ASIA Bureau would find most persuasive seem to be that:

- the activity supports AIDS/HIV p&c activities or environmental quality activities and should be a part of RSM/EA;

- the activity is of a global priority--and is supported as such by the G Bureau.

(At the present time, no policy has been adumbrated on PVOs so operating a program through a PVO cannot be used as an argument to continue it.)

I need your discussions/arguments by noon Thursday. If not received by then, I will have to assume you do not consider the activity of sufficient importance to make an argument for its continuation.

Please use the attached FORMTHAI.GLS to send me your response.

DRAFT--U:\ASIAPUB\DOCS\AM0223TH.CLO
2 Mar 94

ACTION MEMORANDUM FOR THE ASSISTANT ADMINISTRATOR/M, LARRY BYRNE -
AGENCY CLOSE-OUT COORDINATOR

FROM: ANE/ASIA Close-Out Coordinator, Barry Macdonald
THROUGH: AA/ANE, Margaret Carpenter
SUBJECT: Thailand Close-Out

Action: Your approval of the attached Thailand Graduation Plan.

Discussion: The East Asia Regional Support Mission (RSM/EA) plan to close-out the Thailand bilateral program in FY 1995, as modified by the ANE Bureau Review of February 18, proposes:

- To end six current projects by September 30, 1995, and to end the U.S.-Thai Development Partnership Project by September 30, 1996. The Housing Guaranty (HG) related to the Partnership will continue through FY 1998.
- Central projects in Thailand will be rated for relevance to central bureau and ANE priorities and submitted for M and PPC review when criteria for activities in non-presence countries are approved.
- RSM/EA staffing levels will be adjusted as the Thailand bilateral program ends.

The ANE Bureau Review reached consensus that the Thai bilateral close-out is a graduation situation and not related to poor performance by the cooperating country. The Review examined the Mission proposal to continue the Partnership Project through 1996 and discussed the considerable number of central bureau activities in Thailand.

The Partnership started with 1990 understandings with the Royal Thai Government (RTG) about graduation. The 1993 Partnership Project was to be a five-year activity to organize post-graduation environmental and AIDS cooperation. The Housing Guaranty (HG) supports a local infrastructure guaranty fund for Partnership environmental activities.

The ANE Bureau Review concurred with the RSM/EA view that it is necessary to continue the Partnership Project through FY 1996 to launch enough concrete cooperative activities to make the Partnership self-sustaining. However, the Review determined that there would be no funding for the project after FY 1995 and that the \$10 million requested for FY 1995 would have to be reduced substantially. The Review noted that a mid-1995 evaluation would serve as a checkpoint to determine whether progress was sufficient to justify continuing the Project beyond that point. The Review also concurred that the HG had to continue to the planned 1998 end to provide enough resources (\$100 million) to make the infrastructure guaranty fund viable.

The Review discussed the large number of central project activities in Thailand. The RSM/EA plan lists projects known to the Mission with Mission priority rankings based on relevance to bilateral objectives (environment, AIDS, and the Partnership model). G Bureau representatives noted the advantages of research in Thailand (quality institutions that make substantial funding contributions). In the absence of approved criteria for activities in non-presence countries, the Review did not come to conclusions on continuing these activities, but it was agreed that G would provide a full list of its activities in Thailand and rationales for continuing them. ANE will then state its priorities among them and submit them to PPC and M for decision whether to continue them after close-out.

Recommendation: That you approve the Thailand Graduation Plan as modified by decisions of the ANE Bureau Review.

Approved _____

Disapproved _____

Date _____

attachment: graduation plan

Clearances:

PPC:TBrown _____
M:CMcGraw _____
G:DGillespie _____
BHR:LRogers _____
GC:PRamsey _____
DAA/ANE/ASIA:LMorse _____

ANE/ASIA/PD/EA:JRNussbaum:2 Mar 94:x77476:AMO223TH.CLO

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